

Message Text

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ORIGIN EUR-12

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TO AMEMBASSY BUCHAREST IMMEDIATE
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DELIVER DUTY OFFICER OPENING OF BUSINESS 12-18

E.O. 11652: NA

TAGS: ETRD, RO

SUBJECT: ROMANIAN DEMARCHE ON USG NOTE IMPOSING
UNILATERAL RESTRAINTS ON TEXTILES

REF: STATE 304006; STATE 304317

1. SUMMARY. ROMANIAN AMBASSADOR NICOLAE CALLED ON
DEPUTY ASSISTANT SECRETARY ARMITAGE DECEMBER 16 TO PROTEST
USG NOTE IMPOSING RESTRAINTS ON EXPORTS OF ROMANIAN
SUITS TO U.S. NICOLAE ARGUED THAT U.S. AND ROMANIAN
DELEGATIONS HAD AGREED DURING NOVEMBER 1-3 TALKS TO
CONTINUE DISCUSSIONS IN JANUARY; THAT ROMANIAN EXPORTS
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DO NOT THREATEN MARKET DISRUPTION; AND THAT UNILATERAL
USG ACTION WAS "UNNECESSARY". ARMITAGE EXPLAINED THAT
NEED FOR PROMPT UNILATERAL ACTION RESULTED FROM (A) FAIL-
URE OF ROMANIAN DELEGATION TO NEGOTIATE SERIOUSLY DURING
NOVEMBER CONSULTATIONS WITH THE RESULTS THAT NO MEASURES
WERE AGREED UPON TO ALLIEVIATE DISRUPTION OF U.S. MARKETS

AND (B) DRASTIC UPSURGE IN MONTHLY IMPORT FIGURES, PARTICULARLY OCTOBER FIGURES WHICH ARRIVE FOLLOWING NOVEMBER NEGOTIATIONS. REJECTING NICOLAE'S REQUEST THAT WE DEFER IMPOSING RESTRAINTS, ARMITAGE SUGGESTED PROMPT AGREEMENT ON DATE FOR NEGOTIATIONS IN EARLY JANUARY.

ARMITAGE ALSO REJECTED NICOLAE'S IMPLICATION THAT U.S. ACTION HAS POLITICAL ASPECTS. END SUMMARY.

2. ROMANIAN AMBASSADOR NICOLAE CALLED ON DEPUTY ASSISTANT SECRETARY ARMITAGE ON DECEMBER 16 TO REGISTER STRONG ROMANIAN DISFAVOR WITH USG NOTE PRESENTED PREVIOUS DAY TO ECONOMIC COUNSELOR BESTELIU. (DCM IONITA, BESTELIU, AND FIRST SECRETARY IORDACHESCU ACCOMPANIED NICOLAE IN DISPLAY OF ROMANIAN CONCERN.) NICOLAE BEGAN BY NOTING ROMANIAN SURPRISE AT U.S. ACTION AND ASKED WHY, IN LIGHT OF AGREEMENT REACHED DURING NOVEMBER NEGOTIATIONS TO CONTINUE TALKS IN JANUARY, IT WAS NECESSARY NOW TO TAKE SUCH STRONG MEASURES. ARMITAGE, AFTER REMINDING NICOLAE OF SENSITIVITY OF TEXTILE AREA -- WHICH HAD BEEN COMMUNICATED TO GOR ON MANY OCCASIONS -- EXPLAINED U.S. ACTION AS RESULTING FROM TWO FACTORS: (1) OUR INABILITY TO OBTAIN FROM GOR AGREEMENT ON MUTUALLY AGREED SOLUTION RESPONSIVE TO OUR CONCERNS ON MARKET DISRUPTION, AND THE ROMANIAN DELAY IN AGREEING TO CONSULTATIONS AND THEIR DELEGATION'S FAILURE TO NEGOTIATE SERIOUSLY IN NOVEMBER; AND (2) SHARP AND CONTINUING JUMPS IN MONTHLY IMPORT FIGURES FROM ROMANIA ON CATEGORIES 120 AND 237, AND, IN PARTICULAR, EXTRAORDINARY INCREASE IN OCTOBER FIGURES WHICH, IF CONTINUED, WOULD LEAD TO AN ANNUAL LIMITED OFFICIAL USE

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LEVEL OF SHIPMENTS FAR ABOVE THAT WHICH WE COULD TOLERATE IN THESE SENSITIVE CATEGORIES. ARMITAGE STRESSED THAT DE FACTO SITUATION CREATED BY CONTINUING INCREASES IN ROMANIAN EXPORTS NECESSITATED IMMEDIATE ACTION ON OUR PART.

3. NICOLAE REFERRED TO PROVISIONS OF MULTI-FIBER AGREEMENT (MFA) WHICH ALLOWED FOR IMPOSITION OF RESTRAINTS ONLY IN THE FACE OF MARKET DISRUPTION, AND STATED FLATLY THAT ROMANIAN EXPORTS DO NOT CAUSE SUCH DISRUPTION IN AMERICAN MARKET. ARMITAGE DECLINED TO GET INTO DETAILED DISCUSSION OF EVIDENCE UPON WHICH WE DETERMINED THAT THERE IS MARKET DISRUPTION IN THE US MARKET, BUT NOTED THAT DISRUPTION OF AMERICAN TEXTILE MARKET RESULTS FROM SEVERAL MAJOR SUPPLIERS IN ADDITION TO ROMANIA AND THAT WE MUST TREAT PROBLEM OF IMPORTS FROM ALL SOURCES. ARMITAGE NOTED IN THIS REGARD THAT WE ALREADY HAVE RESTRAINT AGREEMENTS WITH ALL MAJOR SUPPLIERS OF LOW-COST

WOOL AND MAN-MADE FIBER SUITS AND, IN LIGHT OF FORCEFUL ROMANIAN ENTRY INTO THIS MARKET, WE HAVE BEEN SEEKING SIMILAR AGREEMENT FROM ROMANIA SINCE AUGUST. NICOLAE SHIFTED GROUND SOMEWHAT AND OBSERVED THAT HE PERSONALLY ACCEPTED NECESSITY TO ESTABLISH LIMIT, BUT HOPED THAT THIS COULD BE ARRANGED DURING TALKS IN JANUARY, WITHOUT

IMPOSITION OF UNILATERAL RESTRAINTS. (COMMENT. IN VIEW OF FACT THAT ROMANIAN DELEGATION AT NOVEMBER TALKS NEVER ACCEPTED NEED FOR CEILING AT THIS TIME, NICOLAE'S "PERSONAL OBSERVATION" INDICATES ROMANIANS HAVE NOTED WRITING ON WALL.)

4. NICOLAE ALSO EXPRESSED DISMAY AT U.S. ATTEMPT TO RESTRICT ROMANIAN EXPORTS IN FACE OF HIGH LEVEL JOINT US-ROMANIAN COMMITMENT TO REACH ONE BILLION DOLLARS TURNOVER TRADE BY 1980. TO ACHIEVE SUCH A GOAL, NICOLAE POINTED OUT, ROMANIAN EXPORTS WILL HAVE TO INCREASE LIMITED OFFICIAL USE

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BY 25 PERCENT PER YEAR. RESTRICTIVE U.S. ACTIONS, HE ADDED, ARE CONTRARY TO THE SPIRIT OF STATEMENTS MADE AT THE RECENTLY-CONCLUDED JOINT ECONOMIC COMMISSION MEETING. ARMITAGE REITERATED U.S. INTEREST IN EXPANDING TRADE WITH ROMANIA BUT AGAIN EXPLAINED THAT TEXTILE IMPORTS ARE A VERY SENSITIVE PROBLEM FOR THE U.S.

5. AFTER ABOUT AN HOUR AND A HALF OF PRESSING TO HAVE ARMITAGE LIFT THE UNILATERAL RESTRAINTS, NICOLAE FINALLY BROUGHT IN THE HEAVY ARTILLERY BY NOTING THAT U.S. ACTION COULD BE SEEN IN BUCHAREST AS HAVING "POLITICAL ASPECTS", AND SUGGESTED THAT, IN ORDER NOT TO INTRODUCE POLITICAL PROBLEMS IN THE UPCOMING WEEKS, THE UNILATERAL RESTRAINTS BE DROPPED. ARMITAGE RESPONDED BY OBSERVING THAT THE EXTRAORDINARY INCREASE IN ROMANIAN EXPORTS WHILE CONSULTATIONS LAGGED REPRESENTED FORCEFUL UNILATERAL ROMANIAN ACTION, BUT WE REFRAINED FROM IMPUTING ANY POLITICAL INTENT THEREIN. SIMILARLY, ARMITAGE SAID HE HOPED THAT ROMANIANS WOULD REFRAIN FROM IMPUTING POLITICAL MOTIVES TO U.S. ACTIONS TAKEN ON STRICTLY ECONOMIC FACTORS. ARMITAGE EMPHASIZED THAT RESTRAINTS WERE OF TEMPORARY NATURE, WOULD NOT PREJUDICE OUTCOME OF DISCUSSION ON A BILATERAL ARRANGEMENT, AND WOULD BE REPLACED AS SOON AS SUCH A BILATERAL AGREEMENT COULD BE WORKED OUT. ARMITAGE AND NICOLAE AGREED THAT DISCUSSIONS SHOULD RESUME AS SOON AS POSSIBLE, AND SAID THAT GOR TEAM WOULD BE PREPARED TO MEET IN EARLY JANUARY. ARMITAGE AGREED TO PROPOSE SPECIFIC DATE TO ROMANIAN EMBASSY. KISSINGER

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